

Message Text

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USDOC WASHDC

C O N F I D E N T I A L USBERLIN 0867

USEEC, USMTN

E.O.11652: GDS
TAGS: EGEN, ETRD
SUBJECT: MEETING BETWEEN SECRETARY KREPS AND PRESIDENT
ROY JENKINS, APRIL 13, 1978

SUMMARY: THERE WERE THREE SUBJECTS OF SUBSTANCE COVERED
IN A BRIEF MEETING SECRETARY KREPS HAD APRIL 13 WITH
PRESIDENT ROY JENKINS OF THE EUROPEAN COMMUNITY. ONE,
EUROPEAN GROWTH RATES: HE INDICATED THAT THE R 1/2 PER CENT
TARGETS WERE REALISTIC AND OBTAINABLE. TWO, HE EXPRESSED
CONCERN ABOUT THE DOLLAR PROBLEM, PRIMARILY IN TERMS
OF THE EFFECT OF INSTABILITY ON INTERNAL ARRANGEMENTS AND
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TRANSACTIONS AMONG THE MEMBER STATES AND INDICATED THAT SOME
NEW MECHANISM MIGHT BE UNDER CONSIDERATION. THREE, JENKINS
INDICATED THAT THE TIME TABLE OF THE MULTILATERAL TRADE NEGOTI-
ATIONS (MTN) WAS REALISTIC AND THAT BECAUSE OF GENERAL ECONOMIC
MALAISE THE MTN COULD NOT BE ALLOWED TO FAIL AND THE PROGRESS
COULD BE MADE ON THE NON-TARIFF CODES. END SUMMARY.

1. THE MEETING OPENED WITH SECRETARY KREPS INQUIRING OF PRESIDENT JENKINS IF THE REPORTS ON THE MEETING IN COPENHAGEN ABOUT THE MEMBER STATES BEING CONCERNED WITH THE U.S. WERE ACCURATE. JENKINS DEFLECTED THAT QUESTION AND INSTEAD TALKED ABOUT THE CONVERSATIONS THEY HAD WITH RESPECT TO GROWTH RATES. HE COMMENTED THAT THEIR GROWTH RATE TARGETS OF ABOUT 4 1/2 PER CENT WERE REALISTIC AND HE BELIEVES THE ACTIONS TAKEN BY THE MEMBER STATES WOULD PRODUCE SUCH RESULTS BY MID 1979.

2. THE CONVERSATION THEN TURNED BACK TO THE TOPIC OF MONETARY CONCERNS AND ALTHOUGH PRESIDENT JENKINS WAS VERY GUARDED, HIS COMMENTS MADE IT CLEAR THAT THE PRIMARY CONCERN OF THE MEMBER STATES AT THE PRESENT TIME WITH RESPECT TO THE DOLLAR WAS THE EFFECT OF THE DOLLAR INSTABILITY ON INTERNAL TRANSACTIONS OF THE MEMBER STATES THAT HAD BEEN CONDUCTED IN DOLLARS. ALTHOUGH HE DID NOT SAY THIS, IT WAS IMPLICIT IN WHAT HE SAID THAT THEY MUST HAVE DISCUSSED SOME ALTERNATIVE ARRANGEMENTS FOR CONDUCTING THEIR INTERNAL TRANSACTIONS.

3. PRESIDENT JENKINS THEN TURNED TO THE SUBJECT OF THE MTN. SECRETARY KREPS REAFFIRMED THE STRONG COMMITMENT BOTH PRESIDENT CARTER AND ROBERT STRAUSS HAVE TO THE MTN ON THE TIME SCHEDULE THAT IS CURRENTLY BEING FOLLOWED. SHE STRESSED THE NEED FOR SUCCESSFUL REVISION OF THE NON-CONFIDENTIAL

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TARIFF CODES IN ORDER TO MODERNIZE THE TRADING RULES. JENKINS AGREED THAT THE TIME SCHEDULE WAS BOTH OPTIMISTIC AND REALISTIC. HE FURTHER AGREED THAT ALTHOUGH PROGRESS ON THE NON-TARIFF CODES WAS MORE DIFFICULT TO MEASURE THAN ON THE TARIFF SIDE, IT WAS OF CRITICAL IMPORTANCE AND HE EXPECTED THAT GOOD PROGRESS COULD BE MADE. BOTH KREPS AND JENKINS OBSERVED THAT THIS WOULD NOT HAVE BEEN A GOOD TIME TO BEGIN THE MTN BECAUSE OF THE ECONOMIC MALAISE; BUT FOR THE SAME REASON, IT IS A TIME, WITH THE MTN UNDERWAY, WHEN IT SHOULD NOT BE ALLOWED TO FAIL. GEORGE

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